

Missouri Division of Medical Services

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Special Bulletin

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Provider Communications
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HIPAA BACKGROUND

The Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, was signed into law on August 21, 1996. This law serves as a major step in reforming health care in the United States by including provisions to:

- C improve portability and continuity of health insurance coverage in the group and individual markets;
- C combat waste, fraud, and abuse in health insurance and health care delivery;
- C promote the use of medical savings accounts;
- C improve access to long-term care services and coverage; and
- C simplify the administration of health insurance.

ADMINISTRATIVE SIMPLIFICATION

Administrative Simplification is the provision of HIPAA aimed at reducing health care administrative costs and burdens. The Department of Health and Human Services (HHS) has issued a number of regulations from this provision. The HIPAA regulations will simplify the administration of health care by standardizing the following:

- C Exchange of electronic health care claims, health care attachments, financial transactions, and data code sets used in that exchange.
- C Protections to ensure the privacy of individual health information.
- C Security standards that address administrative, physical, and technical safeguards of health data.
- C Standards for unique health identifiers for individuals, employers, health plans, and health care providers.

HIPAA affects all health care providers, health care clearinghouses and health care plans who submit or receive health care transactions electronically. It mandates national standards regarding code sets, transactions, privacy, security, identifiers, and claim attachments to gain simplification and cost savings in the health insurance industry.

PREPARING FOR HIPAA

The DMS recommends the following in preparing for HIPAA:

- C To understand the impact of HIPAA regulations on the health care industry, refer to the following two final

rules: “Standards for Electronic Transactions” with a compliance date of October 16, 2002 (see *Federal Register* dated August 17, 2000); and “Standards for Privacy of Individually Identifiable Health Information” with a compliance date of April 14, 2003 (see *Federal Register* dated December 28, 2000). (Consult HHS Web site for copies of the HIPAA final rules.)

C Review all required Implementation Guides named in the HIPAA Transactions regulations. (Consult Washington Publishing Company Web site for HIPAA Guides.)

C Become familiar with HHS proposed rules (i.e., Security, National Provider Identifier (NPI), etc.) and probable impact on health care business/organization, as the rules may soon become final. Also, be aware that HHS will be issuing additional rules in the future.

C Contact appropriate provider associations (i.e., American Medical Association, American Hospital Association, etc.) to obtain perspectives on association-specific business practices.

C Determine plans of business vendors, information technology departments, and business associates for becoming HIPAA compliant.

C Inventory technical systems to determine if HIPAA compliant.

C Contact parent office (if applicable) for instructions on coordination of HIPAA implementation efforts.

C Conduct operational and business assessments to assure HIPAA compliance.

C Begin education for staff detailing HIPAA’s impact on health care practices.

C Do not wait for DMS to send provider or program specific technical information before starting preparations to become HIPAA compliant.

REFERENCE GUIDES

For additional HIPAA-related information, consult the following Web sites:

C Department of Health and Human Services (HHS) Web site contains the final rules, Notices of Proposed Rule Making (NPRM) and a Frequently Asked Questions (FAQ) section. <http://aspe.dhhs.gov/admsimp/>

C Centers for Medicare & Medicaid Services (CMS) [formerly Health Care Financing Administration (HCFA)] is the Federal agency that administers Medicare, Medicaid and State Children’s Health Insurance Program. (Note:

Address links to old HCFA Web site.)

<http://www.cms.gov/>

C Medicaid HIPAA Plus Newsletter, a CMS product, contains information and a Frequently Asked Questions (FAQ) section. <http://www.hcfa.gov/medicaid/hipaa/adminsim/hipaapls.htm>

C Washington Publishing Company publishes the Accredited Standards Committee (ASC) X12 Implementation Guides named in the final rule for transactions. The Guides are free of charge for download. However, requests for paper copies do incur a cost to cover reproduction and mailing. http://hipaa.wpc-edi.com/HIPAA_40.asp

C Workgroup for Electronic Data Interchange (WEDI) is an industry task force created to improve health care through electronic commerce. <http://www.wedi.org/>

C Workgroup for Electronic Data Interchange Strategic National Implementation Process (WEDI SNIP) task group was established to meet the immediate need to assess industry-wide HIPAA Administrative Simplification implementation readiness, and to bring about the national coordination necessary for successful compliance.

<http://snip.wedi.org/>

C Data Interchange Standards Association (DISA) supports the ASC X12 organization, which is responsible for developing many of the health care transactions and code set standards.

<http://www.disa.org/>

C Health Level Seven (HL7) produces standards for the exchange, management and integration of data that support clinical patient care and the management, delivery and evaluation of health care services.

<http://www.hl7.org/>

C National Council for Prescription Drug Programs (NCPDP) is the standards development organization responsible for developing retail pharmacy standards.

<http://www.ncdp.org/>

C Medicaid HIPAA Compliant Concept Model (MHCCM) provides a vehicle that demonstrates how HIPAA impacts the Medicaid Enterprise and provides practical toolkits to help determine the best course of action based on a particular circumstance.

<http://www.mhccm.org/>

C Association For Electronic Health Care Transactions (AFEHCT) closely monitors the implementation progress of health care entities and works to promote the efforts that Congress and the White House have made on behalf of the health care industry to encourage cost efficiencies through the Administrative Simplification rules as stated in HIPAA.

<http://www.afehct.org/>

C National Committee on Vital and Health Statistics (NCVHS) is the public advisory body to the Secretary of HHS in the area of health care data and statistics.

<http://www.ncvhs.hhs.gov/>

C National Uniform Billing Committee (NUBC) was formed to develop a single billing form and standard data set that could be used nationwide by institutional providers and payors for

handling health care claims.

<http://www.nubc.org/>

C National Uniform Claim Committee (NUCC) was created to develop a standardized data set for use by the non-institutional health care community to transmit claims and encounter information to and from all third parties.

<http://www.nucc.org/>

C Private Sector Technology Group (PS-TG) serves as an advisory panel to CMS and the States on technology issues affecting the private sector and the Medicaid Management Information System (MMIS).

<http://www.ps-tag.org/>

C Missouri SNIP is a local state-wide effort to facilitate an organized implementation of the HIPAA Administrative Simplification requirements in the health care industry. **All health care providers, health care plans, and health care clearinghouses are urged to participate in the Missouri SNIP effort.**

<http://www.mosnip.com/>

NOTICE: Missouri SNIP will be hosting a 2002 HIPAA Education Series on Monday, January 21, 2002, in Columbia, MO. Registration and session information available on the

Missouri SNIP Web site.